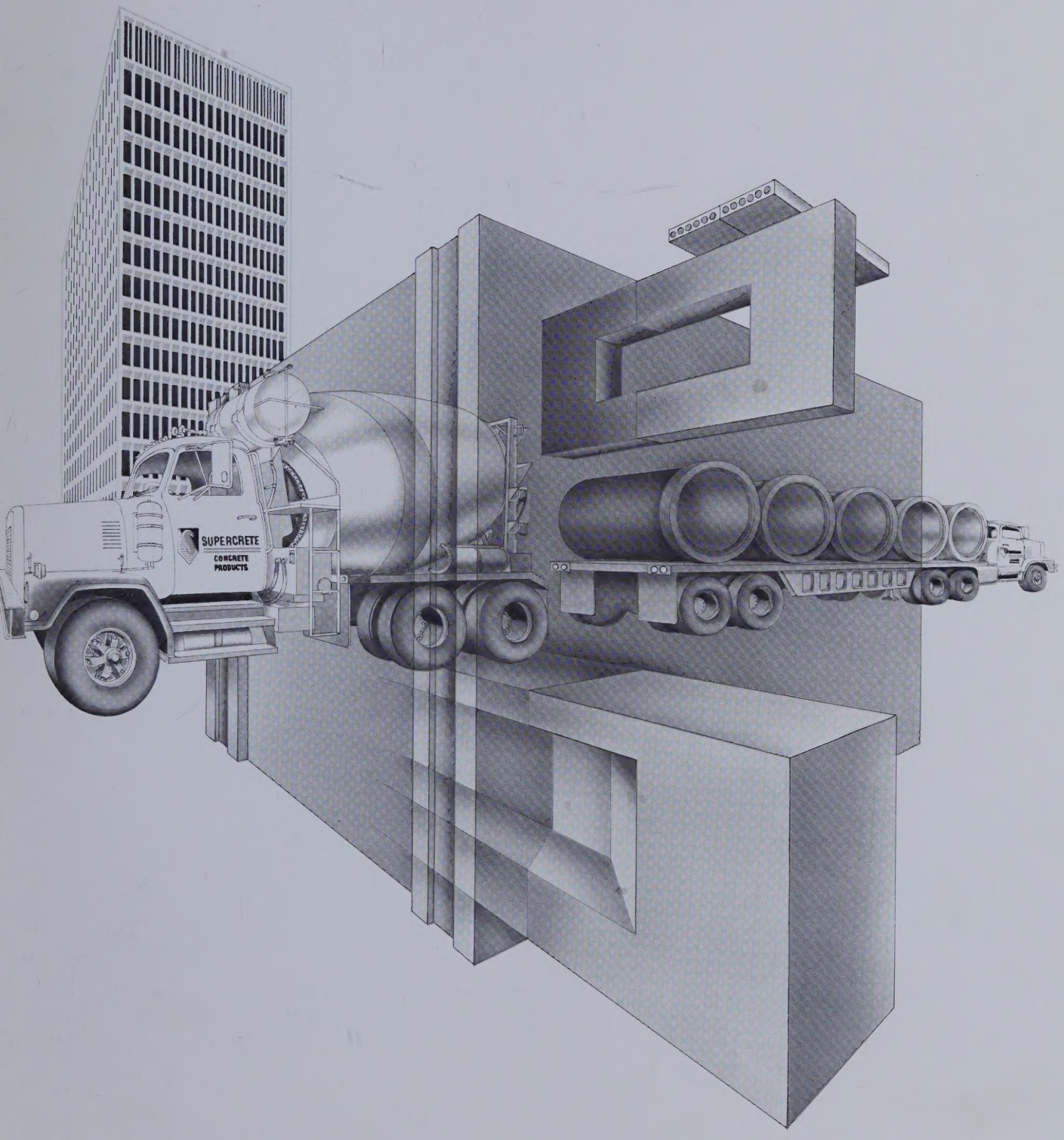
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Annual Report 1972

SUPERCRETE LTD.



SUPERCRETE LTD.

HEAD OFFICE — 222 PROVENCHER AVENUE, WINNIPEG, MANITOBA

OFFICERS

President, FRANK M. FOWLER, P. ENG.
Vice-President, J. HENRY BORGER
Vice-President, BRIAN WHITFIELD, P. ENG.
General Manager, FRED DUNSMORE, C.A.
Secretary-Treasurer, ERNEST REIMER, C.A.

DIRECTORS

J. HENRY BORGER
FRANK M. FOWLER, P. ENG.
CHARLES SCHWARTZ, JR.
D. A. THOMPSON, Q.C.
BRIAN WHITFIELD, P. ENG.

TRANSFER AGENTS AND REGISTRARS

MONTREAL TRUST COMPANY
Winnipeg, Canada

THE BANK OF NEW YORK
New York, U.S.A.

SOLICITORS

THOMPSON, DEWAR, SWEATMAN

AUDITORS

PRICE WATERHOUSE & CO.

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SUPERCRETE LTD.

WINNIPEG, MANITOBA - EDMONTON, ALBERTA

cap repair

NEWS RELEASE

	1972	1971
Quarter ended June 30		
Per Share Earnings (after taxes)	$0.16	$0.09
Sales	$3,673,000	$2,560,000
Net Income Before Tax	$ 530,000	$ 316,000
Provision for Income Taxes	$ 260,000	$ 172,000
Net Income	$ 270,000	$ 144,000
6 Months ended June 30		
Per Share Earnings (after taxes)	$0.16	$0.06
Sales	$5,481,000	$3,649,000
Net Income Before Taxes	$ 510,000	$ 230,000
Provision for Income Taxes	$ 250,000	$ 125,000
Net Income	$ 260,000	$ 105,000

This is the lead

Sales for the six months ended June 30, 1972 increased by 50% over the corresponding period in 1971. This increase is due mainly to the level of construction activity in the Winnipeg area and has been enhanced by the good weather experienced throughout the second quarter of the year.

1972 operations include the results of the concrete pipe operations in Edmonton which were acquired late in 1971 and reflect the growth of the precast/prestressed operations in Edmonton which were acquired in April, 1970.

Net income (after taxes) for the six months ended June 30, 1972 totalled $260,000 (16¢ per share) as compared to $105,000 (6¢ per share) for the same period in 1971, representing an increase of 148%.

Indications are that this high level of activity will continue throughout the remainder of the year.

To Supercrete Shareholders:

Your Directors take pleasure in presenting the consolidated financial statements of your Company and its subsidiary for the year ended December 31, 1972, together with the report of the auditors.

The year 1972 has resulted in record sales and profits, due in part to the pipe operation in Edmonton, Alberta, which was acquired in December, 1971. Sales of $12,108,425 in 1972 represent an increase of 40% over 1971 sales of $8,650,639. After providing for depreciation of $515,604, the net earnings for the year amounted to $678,911 (41c per share), an increase of 61% over 1971 earnings of $421,387 (26c per share).

Consolidated working capital increased by $7,796 to $1,621,141 as at December 31, 1972 and reflects the strong liquid position of the Company. This increase in working capital is significant considering that during the year expenditures on plant and equipment totalled $1,102,748 and the rate of dividend was increased from 8c to 10c per share. The benefits of these substantial expenditures on plant and equipment are reflected in the improved 1972 operations, both through increased sales and greater cost efficiencies.

On March 2, 1973, your Company acquired all of the issued and outstanding shares of Stoy Concrete Products Ltd., Stoy Concrete Pipe Ltd., Stoy Architectural Precast Ltd. and Precast Erection Ltd. This group of companies is engaged in the manufacture, distribution and erection of precast concrete building components and concrete pipe in Southern Alberta with its facilities in the City of Calgary. It is our intention to amalgamate the four companies into one Company and to substantially expand the production facilities for both precast and concrete pipe during 1973. The operations will continue to be managed by personnel who have successfully operated these companies under previous ownership.

We are entering 1973 with increased optimism and are forecasting substantially improved sales and increased earnings, due largely to the acquisition of the Calgary based operations described above.

The Directors express their sincere thanks to the employees, customers and suppliers for their continued efforts and contributions to the welfare of the Company.

On Behalf of the Board

FRANK M. FOWLER
President.

Price Waterhouse & Co.
chartered accountants

2200 One Lombard Place Winnipeg 2 Man. (204) 943-7321 Telex 07-587728

February 20, 1973

AUDITORS' REPORT

To the Shareholders of
Supercrete Ltd.:

We have examined the consolidated statements of earnings and retained earnings and source and application of funds of Supercrete Ltd. and its subsidiary company for the year ended December 31, 1972 and the consolidated balance sheet as at that date. Our examination was made in conformity with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the results of their operations and the source and application of their funds for the year ended December 31, 1972 and the financial position of the companies as at that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

Chartered Accountants

SUPERCRETE LTD. *and its subsidiary company*

Consolidated Statement of Earnings and Retained Earnings

	Year ended December 31	
	1972	1971
Net sales and other income	$12,108,425	$ 8,650,639
Cost and expenses:		
Cost of sales, exclusive of depreciation, depletion and amortization shown below	9,519,538	6,750,430
Selling, general and administrative expenses	711,467	611,985
Depreciation, depletion and amortization	515,604	413,185
Interest	36,827	14,514
	10,783,436	7,790,114
Earnings before income taxes	1,324,989	860,525
Income taxes:		
Current	484,778	387,338
Deferred	161,300	51,800
	646,078	439,138
Net earnings for the year (note 1)	678,911	421,387
Retained earnings at beginning of year	2,891,840	2,602,351
Dividends paid (10c per share – 1971 8c per share)	(164,871)	(131,898)
Retained earnings at end of year	$ 3,405,880	$ 2,891,840
Earnings per share	$ 0.41	$ 0.26

SUPERCRETE LTD. *and its subsidiary company*

Consolidated

ASSETS

	December 31 1972	1971
CURRENT ASSETS:		
Cash	$ 20,026	$ 94,531
Investments, at market value	—	18,298
Accounts receivable	2,162,926	1,590,766
Inventories (note 2)	1,244,001	1,103,592
Prepaid expenses	16,294	16,090
	3,443,247	2,823,277
PROPERTY, PLANT AND EQUIPMENT, at cost (note 3)	9,977,022	8,997,566
Less: Accumulated depreciation, depletion and amortization	6,023,116	5,630,804
	3,953,906	3,366,762
	$7,397,153	$6,190,039

Approved by the Board:

FRANK M. FOWLER, *Director*

J. HENRY BORGER, *Director*

Balance Sheet

LIABILITIES

	December 31 1972	1971
CURRENT LIABILITIES:		
Bank loans, secured (note 4)	$ 720,000	$ –
Accounts payable and accrued liabilities	812,026	687,886
Income taxes payable	63,280	375,646
Deferred income taxes	226,800	146,400
	1,822,106	1,209,932
DEFERRED INCOME TAXES	413,267	332,367
LEASE AND OTHER COMMITMENTS (notes 5 and 6)		

SHAREHOLDERS' EQUITY

CAPITAL STOCK:		
1,649,833 2/3 common shares – par value 75c each (authorized – 1,666,666 2/3 shares)	1,237,375	1,237,375
CONTRIBUTED SURPLUS	518,525	518,525
RETAINED EARNINGS	3,405,880	2,891,840
	5,161,780	4,647,740
	$7,397,153	$6,190,039

SUPERCRETE LTD. *and its subsidiary company*

Consolidated Statement of Source and Application of Funds

	Year ended December 31	
	1972	1971
Funds were provided by:		
Operations –		
Net earnings for the year	$ 678,911	$ 421,387
Depreciation, depletion and amortization	515,604	413,185
Increase in non-current portion of deferred income taxes	80,900	3,300
	1,275,415	837,872
Funds were applied to:		
Purchase of the subsidiary company	–	96,933
Expenditure on property, plant and equipment (net)	1,102,748	347,386
Dividend paid	164,871	131,898
	1,267,619	576,217
Increase in working capital	$ 7,796	$ 261,655

Notes to the Consolidated Financial Statements

December 31, 1972

1. PRINCIPLES OF CONSOLIDATION:

These financial statements include the assets, liabilities and results of operations for the year, of Supercrete Ltd. and its wholly-owned subsidiary, Supercrete (Alberta) ltd.

2. INVENTORIES:

	1972	1971
Finished goods and merchandise	$ 492,723	$ 430,917
Raw materials and manufacturing supplies	497,186	369,380
Plant supplies and spare parts	119,840	104,287
Incomplete contracts, at cost less $420,397 progress billings (1971 – $282,240)	134,252	199,008
	$1,244,001	$1,103,592

Finished goods and raw materials are stated on the basis of the lower of average cost and estimated realizable value. Merchandise, supplies and spare parts are stated on the basis of the lower of cost, on a first-in first-out basis, or replacement cost.

3. PROPERTY, PLANT AND EQUIPMENT

	1972	1971
Land	$ 447,254	$ 482,254
Gravel and sand pits	253,100	253,100
Buildings	1,033,713	1,046,933
Machinery and equipment	5,796,624	5,540,076
Moulds, dies, jigs and fixtures	1,263,279	1,190,947
Construction in progress	704,766	5,970
Leasehold improvements	478,286	478,286
	9,977,022	8,997,566
Less: Accumulated depreciation, depletion and amortization	6,023,116	5,630,804
	$3,953,906	$3,366,762

4. Accounts receivable and inventories are pledged as security against the bank loans.

5. LEASE COMMITMENTS:

The Company is committed under property lease agreements for periods up to ten years at a minimum annual rental of $107,200 with options to renew certain leases for further periods up to 28 years at varying rentals.

6. The Company has offered to purchase all of the shares of four companies in the concrete products industry in Western Canada at a price which will not exceed $1,300,000.

7. INFORMATION REQUIRED BY STATUTE:

Remuneration of directors, officers and senior employees – $128,000

